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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92051532
Party	Plaintiff PictureCode, LLC
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Submission	Other Motions/Papers
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Signature	/s/Kenneth G. Parker
Date	04/08/2010
Attachments	Ex Parte Application for Filing.pdf (41 pages)(949619 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In re Registration No. 3,321,797
Mark: DIGITAL NINJA
Issued: October 23, 2007

PICTURECODE, LLC,

Petitioner,

v.

JUAN B. MELENDEZ III

Respondent

Cancellation No. 92051532

**PETITIONER'S *EX PARTE*
APPLICATION FOR (1)
MODIFICATION OF
"STANDING" PROTECTIVE
ORDER TO EXPLICITLY
PERMIT FILING OF
"CONFIDENTIAL"
DOCUMENTS IN DISTRICT
COURT ACTION UNDER SEAL,
OR ORDER SHORTENING
TIME ON NOTICED MOTION
THEREON; AND (2) STAY OF
TTAB CANCELLATION
PROCEEDING;
DECLARATION OF KENNETH
G. PARKER IN SUPPORT
THEREOF**

TO ALL PARTIES AND THE BOARD:

PLEASE TAKE NOTICE that PictureCode, LLC hereby submits this *ex parte* application for an order (1) modifying the TTAB's standard protective order to permit filing of produced documents in a district court action under seal; and (2) staying this cancellation proceeding pending final judgment or resolution of the district court action.

On March 19, 2010, PictureCode, LLC filed a complaint in the United States District Court in the Western District of Texas against Respondent Juan B. Melendez III and his licensee, Digital Ninja, LLC (the "District Court Action"). In the District Court Action, PictureCode seeks damages and injunctive relief for infringement under the Lanham Act and infringement and unfair competition under state law; PictureCode also seeks an order cancelling Melendez's trademark registration no. 3,321,797. PictureCode desires to file substantive motions in the District Court Action, and

wishes to submit documents Melendez disclosed in discovery in this cancellation proceeding in the District Court Action. Those documents may be submitted confidentially under seal in the District Court Action. The documents in question are subject to the TTAB's standard protective order in this cancellation proceeding. Out of an abundance of caution, PictureCode seeks an order expressly modifying the TTAB protective order to expressly allow PictureCode to file documents in the District Court Action, provided they are filed under seal in the District Court Action. PictureCode also seeks a stay of the instant cancellation proceeding to allow all issues to be decided in the District Court Action. This will permit all causes of action, including infringement causes of action, to be decided in a single venue.

This Application is based on this notice, the attached Memorandum, the attached Declaration of Kenneth G. Parker, the papers on file in this matter, the documents on file regarding the DIGITAL NINJA registration, and such other matters as the Trademark Trial and Appeal Board properly considers.

Dated: April 8, 2010

Respectfully Submitted,

/Kenneth G. Parker/

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MEMORANDUM

I. INTRODUCTION

This is a cancellation proceeding in which PictureCode, LLC seeks cancellation of Juan B. Melendez III's ("Melendez") DIGITAL NINJA trademark registration (Reg. No. 3,321,797). PictureCode hereby submits this *ex parte* application for an order (1) modifying the TTAB's standard protective order to permit filing of produced documents in a district court action under seal; and (2) staying this action pending final judgment or resolution of the district court action.

On March 19, 2010, PictureCode filed a complaint in the United States District Court in the Western District of Texas against Respondent Juan B. Melendez III and his licensee, Digital Ninja, LLC (the "District Court Action"). In the District Court Action, PictureCode seeks damages and injunctive relief for infringement under the Lanham Act and infringement and unfair competition under state law; PictureCode also seeks an order cancelling Melendez's trademark registration. PictureCode desires to file substantive motions in the District Court Action, and wishes to submit documents Melendez disclosed in discovery in this cancellation proceeding in the District Court Action. Those documents may be submitted confidentially under seal in the District Court Action. The documents in question are subject to the TTAB's standard protective order in the District Court Action. It is not entirely clear to PictureCode whether the TTAB's protective order prohibits filing confidential documents under seal in a companion district court action. Out of an abundance of caution, however, PictureCode seeks an order expressly modifying the TTAB protective order to expressly allow PictureCode to file documents in the District Court

Action, provided they are filed under seal. PictureCode also seeks a stay of the instant cancellation proceeding to allow all issues to be decided in the District Court Action. This will permit all causes of action, including infringement causes of action, to be decided in a single venue.

II. PROCEDURAL HISTORY

In this cancellation proceeding, the parties waived initial disclosures. (Declaration of Kenneth G. Parker (“Parker Decl.”) ¶ 2.) Each side has served document requests on one another, and each side has produced documents. (Id. ¶ 2.) The parties have relied on the “standard” TTAB protective order, which applies to this proceeding pursuant to 37 C.F.R. § 2.116(g). (Parker Decl. ¶ 2, Ex. A.)

On March 19, 2010, PictureCode LLC filed the complaint in the District Court Action. (Parker Decl. Ex. B.) It has already been served on Melendez and his licensee, Digital Ninja, LLC. (Parker Decl. ¶ 3.) Notice was provided to the U.S.P.T.O. by the District Court, and PictureCode will also concurrently file a notice of companion action in this proceeding. (Parker Decl. ¶ 3.) In the District Court Action, PictureCode seeks damages and injunctive relief for infringement, trademark dilution, false advertising, and under a related state cause of action, and seeks an order cancelling Melendez’s trademark registration.

III. ARGUMENTS

A. The TTAB Should Modify Its Standard Protective Order.

PictureCode seeks an order modifying the TTAB standard protective order to expressly permit the filing of documents produced under the TTAB order in a district court proceeding (and all appeals from it), as long as the documents are filed under seal and protected from public disclosure in that action. Such an order is proper for two reasons.

First, the TTAB has the inherent discretion, as a tribunal, to modify its own orders. Significantly, in this instance the standard protective order *is not an agreement of the parties*; rather, it came into operation automatically under 37 C.F.R. § 2.116(g). (Parker Decl. ¶ 2.) The TTAB should modify the order, as doing so will permit filing of substantive motions in a companion action and potentially expedite resolution of the cancellation matter and related causes of action. (Parker Decl. ¶ 4.)

Second, modifying the standard protective order is required by the First Amendment. PictureCode, like all citizens, has a right to petition the district court, as a branch of government, for redress. *California Motor Transport Co. v. Trucking Unlimited*, 404 U.S. 508, 510, 92 S. Ct. 609, 30 L. Ed. 2d 642 (1972). The complaint in the District Court Action is such a petition, and the substantive motion or motions that PictureCode seeks to file are part of the petitioning process. PictureCode never agreed to the protective order in this case, and to the extent the protective order is hindering PictureCode's rights to petition the government in the District Court Action, the protective order needs to be immediately modified. In this instance, the interests of maintaining confidentiality of the information can be met easily by filing in the

District Court Action under seal (Parker Decl. ¶ 4). Filing under seal satisfies the interest of protecting such documents from public view.

B. The TTAB Should Stay This Cancellation Proceeding.

After the TTAB amends its protective order to allow documents to be filed in the District Court Action under seal, the TTAB should stay this action.¹ A stay is appropriate pursuant to 37 C.F.R. § 2.117, as well as TBMP § 510.02(a) and the cases cited there. The district court will be able to fully and finally decide all issues between the parties, not just the cancellation issue, and it would be a more efficient use of resources to stay this action and allow the District Court Action to proceed.

C. Ex Parte Relief Is Appropriate.

Ex Parte relief is appropriate in this instance. First, the continued presence of the standard TTAB protective order is interfering with PictureCode's right of petition under the First Amendment. Second, the merits of this rather simple application, particularly the application to modify the protective order, are clear. In this instance, the TTAB should act quickly to modify the protective order.

In the event the TTAB does not grant *ex parte* relief, the TTAB should shorten time on a motion schedule to hear this motion quickly, and require any opposition to be filed with in two days of the TTAB's order, with PictureCode's reply to be filed

¹ PictureCode is completing its document production to Melendez. PictureCode does not intend to avoid that production or gain unfair advantage by requesting a stay. PictureCode intends to complete that production by Friday, April 9, 2010, and has no objection to a stay order exempting the document productions of both sides from the stay.

within one day of the filing of the opposition, provided the opposition is served by electronic mail.

IV. CONCLUSION

For the foregoing reasons, PictureCode requests an order modifying the TTAB standard protective order to permit filing of documents in the District Court Action under seal and stay of this action, or an expedited briefing and hearing schedule on a motion for the same relief.

Dated: April 8, 2010

Respectfully Submitted,

/Kenneth G. Parker/

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Katherine Madianos, Esq.
Attorneys for Petitioner

DECLARATION OF KENNETH G. PARKER

I, Kenneth G. Parker, declare as follows:

1. I am an attorney licensed to practice in California, and am counsel for PictureCode, LLC. I am an active member in good standing of the Bar of the State of California
2. In this cancellation proceeding, the parties waived initial disclosures. Each side served document requests on one another, and each side produced documents. The parties have relied on the “standard” TTAB protective order, which applies to this proceeding pursuant to 37 C.F.R. § 2.116(g). A true and correct copy of that standard order is attached hereto as Exhibit A.
3. On March 19, 2010, PictureCode LLC filed a complaint in the District Court Action. It has already been served on Melendez and his licensee, Digital Ninja, LLC. A true and correct copy of the complaint is attached as Exhibit B. Notice of the filing of the complaint was provided to the U.S.P.T.O. by the District Court, and PictureCode will also concurrently file a notice of companion action in this proceeding.
4. The TTAB should modify the order, as doing so will permit filing of substantive motions in a companion action and potentially expedite resolution of the cancellation matter and related causes of action. The documents can be filed under seal in the district court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 8th day of April, 2010.

/Kenneth G. Parker/
Kenneth G. Parker

EXHIBIT A



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Plaintiff [insert name]

v.

Cancellation No.

Opposition/

Defendant [insert name]

**PROVISIONS FOR PROTECTING
CONFIDENTIALITY OF INFORMATION
REVEALED DURING BOARD PROCEEDING**

Information disclosed by any party or non-party witness during this proceeding may be considered confidential, a trade secret, or commercially sensitive by a party or witness. To preserve the confidentiality of the information so disclosed, **either** the parties have agreed to be bound by the terms of this order, in its standard form or as modified by agreement, and by any additional provisions to which they may have agreed and attached to this order, **or** the Board has ordered that the parties be bound by the provisions within. As used in this order, the term "information" covers both oral testimony and documentary material.

Parties may use this standard form order as the entirety of their agreement or may use it as a template from which they may fashion a modified agreement. If the Board orders that the parties abide by the terms of this order, they may subsequently agree to modifications or additions, subject to Board approval.

Agreement of the parties is indicated by the signatures of the parties' attorneys and/or the parties themselves at the conclusion of the order.

Imposition of the terms by the Board is indicated by signature of a Board

attorney or Administrative Trademark Judge at the conclusion of the order. If the parties have signed the order, they may have created a contract. The terms are binding from the date the parties or their attorneys sign the order, in standard form or as modified or supplemented, or from the date of imposition by a Board attorney or judge.

TERMS OF ORDER

1) Classes of Protected Information.

The Rules of Practice in Trademark Cases provide that all inter partes proceeding files, as well as the involved registration and application files, are open to public inspection. The terms of this order are not to be used to undermine public access to files. When appropriate, however, a party or witness, on its own or through its attorney, may seek to protect the confidentiality of information by employing one of the following designations.

Confidential -Material to be shielded by the Board from public access.

Highly Confidential -Material to be shielded by the Board from public access and subject to agreed restrictions on access even as to the parties and/or their attorneys.

Trade Secret/ Commercially Sensitive -Material to be shielded by the Board from public access, restricted from any access by the parties, and available for review by outside counsel for the parties and, subject to the provisions of paragraph 4 and 5, by independent experts or consultants for the parties.

2) Information Not to Be Designated as Protected.

Information may not be designated as subject to any form of protection if it (a) is, or becomes, public knowledge, as shown by publicly available writings, other than through violation of the terms of this document; (b) is acquired by a non-designating party or non-party witness from a third party

lawfully possessing such information and having no obligation to the owner of the information; (c) was lawfully possessed by a non-designating party or non-party witness prior to the opening of discovery in this proceeding, and for which there is written evidence of the lawful possession; (d) is disclosed by a non-designating party or non-party witness legally compelled to disclose the information; or (e) is disclosed by a non-designating party with the approval of the designating party.

3) Access to Protected Information.

The provisions of this order regarding access to protected information are subject to modification by written agreement of the parties or their attorneys, or by motion filed with and approved by the Board.

Judges, attorneys, and other employees of the Board are bound to honor the parties' designations of information as protected but are not required to sign forms acknowledging the terms and existence of this order. Court reporters, stenographers, video technicians or others who may be employed by the parties or their attorneys to perform services incidental to this proceeding will be bound only to the extent that the parties or their attorneys make it a condition of employment or obtain agreements from such individuals, in accordance with the provisions of paragraph 4.

- **Parties** are defined as including individuals, officers of corporations, partners of partnerships, and management employees of any type of business organization.
- **Attorneys** for parties are defined as including **in-house counsel** and **outside counsel**, including support staff operating under counsel's direction, such as paralegals or legal assistants, secretaries, and any other employees or independent contractors operating under counsel's instruction.
- **Independent experts or consultants** include individuals retained by a party for purposes related to prosecution or defense of the proceeding but who are not otherwise employees of either the party or its attorneys.

- **Non-party witnesses** include any individuals to be deposed during discovery or trial, whether willingly or under subpoena issued by a court of competent jurisdiction over the witness.

Parties and their **attorneys** shall have access to information designated as **confidential** or **highly confidential** , subject to any agreed exceptions.

Outside counsel, but not in-house counsel, shall have access to information designated as **trade secret/ commercially sensitive** .

Independent experts or consultants , **non-party witnesses** , and **any other individual** not otherwise specifically covered by the terms of this order may be afforded access to **confidential** or **highly confidential** information in accordance with the terms that follow in paragraph 4.

Further, **independent experts or consultants** may have access to **trade secret/ commercially sensitive** information if such access is agreed to by the parties or ordered by the Board, in accordance with the terms that follow in paragraph 4 and 5.

4) Disclosure to Any Individual.

Prior to disclosure of protected information by any party or its attorney to any individual not already provided access to such information by the terms of this order, the individual shall be informed of the existence of this order and provided with a copy to read. The individual will then be required to certify in writing that the order has been read and understood and that the terms shall be binding on the individual. No individual shall receive any protected information until the party or attorney proposing to disclose the information has received the signed certification from the individual. A form for such certification is attached to this order. The party or attorney receiving the completed form shall retain the original.

5) Disclosure to Independent Experts or Consultants.

In addition to meeting the requirements of paragraph 4, any party or attorney proposing to share disclosed information with an independent

expert or consultant must also notify the party which designated the information as protected. Notification must be personally served or forwarded by certified mail, return receipt requested, and shall provide notice of the name, address, occupation and professional background of the expert or independent consultant.

The party or its attorney receiving the notice shall have ten (10) business days to object to disclosure to the expert or independent consultant. If objection is made, then the parties must negotiate the issue before raising the issue before the Board. If the parties are unable to settle their dispute, then it shall be the obligation of the party or attorney proposing disclosure to bring the matter before the Board with an explanation of the need for disclosure and a report on the efforts the parties have made to settle their dispute. The party objecting to disclosure will be expected to respond with its arguments against disclosure or its objections will be deemed waived.

6) Responses to Written Discovery.

Responses to interrogatories under Federal Rule 33 and requests for admissions under Federal Rule 36, and which the responding party reasonably believes to contain protected information shall be prominently stamped or marked with the appropriate designation from paragraph 1. Any inadvertent disclosure without appropriate designation shall be remedied as soon as the disclosing party learns of its error, by informing all adverse parties, in writing, of the error. The parties should inform the Board only if necessary because of the filing of protected information not in accordance with the provisions of paragraph 12.

7) Production of Documents.

If a party responds to requests for production under Federal Rule 34 by making copies and forwarding the copies to the inquiring party, then the copies shall be prominently stamped or marked, as necessary, with the appropriate designation from paragraph 1. If the responding party makes documents available for inspection and copying by the inquiring party, all

documents shall be considered protected during the course of inspection. After the inquiring party informs the responding party what documents are to be copied, the responding party will be responsible for prominently stamping or marking the copies with the appropriate designation from paragraph 1. Any inadvertent disclosure without appropriate designation shall be remedied as soon as the disclosing party learns of its error, by informing all adverse parties, in writing, of the error. The parties should inform the Board only if necessary because of the filing of protected information not in accordance with the provisions of paragraph 12.

8) Depositions.

Protected documents produced during a discovery deposition, or offered into evidence during a testimony deposition shall be orally noted as such by the producing or offering party at the outset of any discussion of the document or information contained in the document. In addition, the documents must be prominently stamped or marked with the appropriate designation.

During discussion of any non-documentary protected information, the interested party shall make oral note of the protected nature of the information.

The transcript of any deposition and all exhibits or attachments shall be considered protected for 30 days following the date of service of the transcript by the party that took the deposition. During that 30-day period, either party may designate the portions of the transcript, and any specific exhibits or attachments, that are to be treated as protected, by electing the appropriate designation from paragraph 1. Appropriate stampings or markings should be made during this time. If no such designations are made, then the entire transcript and exhibits will be considered unprotected.

9) Filing Notices of Reliance.

When a party or its attorney files a notice of reliance during the party's

testimony period, the party or attorney is bound to honor designations made by the adverse party or attorney, or non-party witness, who disclosed the information, so as to maintain the protected status of the information.

10) Briefs.

When filing briefs, memoranda, or declarations in support of a motion, or briefs at final hearing, the portions of these filings that discuss protected information, whether information of the filing party, or any adverse party, or any non-party witness, should be redacted. The rule of reasonableness for redaction is discussed in paragraph 12 of this order.

11) Handling of Protected Information.

Disclosure of information protected under the terms of this order is intended only to facilitate the prosecution or defense of this case. The recipient of any protected information disclosed in accordance with the terms of this order is obligated to maintain the confidentiality of the information and shall exercise reasonable care in handling, storing, using or disseminating the information.

12) Redaction; Filing Material With the Board.

When a party or attorney must file protected information with the Board, or a brief that discusses such information, the protected information or portion of the brief discussing the same should be redacted from the remainder. A rule of reasonableness should dictate how redaction is effected.

Redaction can entail merely covering a portion of a page of material when it is copied in anticipation of filing but can also entail the more extreme measure of simply filing the entire page under seal as one that contains primarily confidential material. If only a sentence or short paragraph of a page of material is confidential, covering that material when the page is copied would be appropriate. In contrast, if most of the material on the page is confidential, then filing the entire page under seal would be more reasonable, even if some small quantity of non-confidential material is then

withheld from the public record. Likewise, when a multi-page document is in issue, reasonableness would dictate that redaction of the portions or pages containing confidential material be effected when only some small number of pages contain such material. In contrast, if almost every page of the document contains some confidential material, it may be more reasonable to simply submit the entire document under seal. **Occasions when a whole document or brief must be submitted under seal should be very rare .**

Protected information, and pleadings, briefs or memoranda that reproduce, discuss or paraphrase such information, shall be filed with the Board under seal. The envelopes or containers shall be prominently stamped or marked with a legend in substantially the following form:

CONFIDENTIAL

This envelope contains documents or information that are subject to a protective order or agreement. The confidentiality of the material is to be maintained and the envelope is not to be opened, or the contents revealed to any individual, except by order of the Board.

13) Acceptance of Information; Inadvertent Disclosure.

Acceptance by a party or its attorney of information disclosed under designation as protected shall not constitute an admission that the information is, in fact, entitled to protection. Inadvertent disclosure of information which the disclosing party intended to designate as protected shall not constitute waiver of any right to claim the information as protected upon discovery of the error.

14) Challenges to Designations of Information as Protected.

If the parties or their attorneys disagree as to whether certain information should be protected, they are obligated to negotiate in good faith regarding the designation by the disclosing party. If the parties are unable to resolve

their differences, the party challenging the designation may make a motion before the Board seeking a determination of the status of the information.

A challenge to the designation of information as protected must be made substantially contemporaneous with the designation, or as soon as practicable after the basis for challenge is known. When a challenge is made long after a designation of information as protected, the challenging party will be expected to show why it could not have made the challenge at an earlier time.

The party designating information as protected will, when its designation is timely challenged, bear the ultimate burden of proving that the information should be protected.

15) Board's Jurisdiction; Handling of Materials After Termination.

The Board's jurisdiction over the parties and their attorneys ends when this proceeding is terminated. A proceeding is terminated only after a final order is entered and either all appellate proceedings have been resolved or the time for filing an appeal has passed without filing of any appeal.

The parties may agree that archival copies of evidence and briefs may be retained, subject to compliance with agreed safeguards. Otherwise, within 30 days after the final termination of this proceeding, the parties and their attorneys shall return to each disclosing party the protected information disclosed during the proceeding, and shall include any briefs, memoranda, summaries, and the like, which discuss or in any way refer to such information. In the alternative, the disclosing party or its attorney may make a written request that such materials be destroyed rather than returned.

16) Other Rights of the Parties and Attorneys.

This order shall not preclude the parties or their attorneys from making any applicable claims of privilege during discovery or at trial. Nor shall the order preclude the filing of any motion with the Board for relief from a particular

provision of this order or for additional protections not provided by this order.

By Agreement of the Following, effective:

[insert signature date]

[print or type name and title of individual signing for defendant]

[print or type name and law firm of attorney for defendant]

[print or type name and title of individual signing for plaintiff]

[print or type name and law firm of attorney for plaintiff]

By Order of the Board, effective _____.

[print or type name and title of Board attorney or judge imposing order]

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EXHIBIT B

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

FILED
2010 MAR 19 PM 2:50

CLERK US DISTRICT COURT
WESTERN DISTRICT OF TEXAS

BY *J*

Civil No.: **A10CA 188LY**

PICTURECODE, LLC,

Plaintiff,

v.

DIGITAL NINJA, LLC; JUAN B. MELENDEZ III,

Defendants.

ORIGINAL COMPLAINT

PictureCode, LLC ("PictureCode") brings this complaint for monetary damages and injunctive relief against Defendants Digital Ninja, LLC ("Digital Ninja") and Juan B. Melendez III ("Melendez") (collectively "Defendants"). This is an action for trademark infringement and related claims under the Lanham Act and cancellation of Defendant Melendez's trademark registration no. 3,321,797 for the DIGITAL NINJA trademark.

PARTIES

1. Plaintiff PictureCode is a limited liability company organized and existing under the laws of Texas, with its principal place of business at 7610-B Highway 71 West, Austin, Texas 78735.

2. On information and belief, Defendant Digital Ninja is a limited liability company existing under the laws of the California, with its principal place of business at 2008 Grant Avenue, No. 1, Redondo Beach, California 90278.

3. On information and belief, Defendant Melendez is an individual residing at 2008 Grant Avenue, No. 1, Redondo Beach, California 90278.

JURISDICTION AND VENUE

4. Jurisdiction is conferred upon this Court pursuant to 28 U.S.C. § 1331. PictureCode brings its claims under the Lanham Act.

5. Venue is proper in the Western District of Texas pursuant 28 U.S.C. § 1391(a)(2).

FACTUAL BACKGROUND

6. PictureCode designs, builds and sells computer programs used to enhance, edit and process digital photographs and images. Since at least November 5, 2003, PictureCode has sold such software under its NOISE NINJA trademark in interstate commerce.

7. On April 9, 2009, PictureCode filed with the U.S. Patent and Trademark Office (the "PTO") an intent-to-use trademark application (Serial No. 77/710439) (the "Application") to register the mark PHOTO NINJA in international class 009 for the following goods: Computer programs for creating, enhancing, editing, processing, manipulating, converting, viewing, browsing, managing, indexing, cataloging, sorting, organizing, storing, transferring, synchronizing, printing, and exchanging digital photographs and images; computer programs for creating web photo galleries and albums.

8. On July 7, 2009, PictureCode received an Office Action from the PTO examining attorney refusing to register PHOTO NINJA based on the examining attorney's belief that there is a likelihood of confusion between PictureCode's PHOTO NINJA mark and Melendez's DIGITAL NINJA mark, due to the similarity of the marks and because "the computer programs provided by the applicant and the registrant provide identical functions."

9. On July 29, 2009, PictureCode filed a use-based application to register its NOISE NINJA trademark with the PTO (Serial No. 77/792169) for "computer programs for enhancing,

editing and processing digital photographs and images” in international class 009, with a first use in commerce date at least as early as November 5, 2003.

10. On November 2, 2009, PictureCode received an Office Action from the PTO examining attorney refusing to register PHOTO NINJA based on the examining attorney’s belief that there is a likelihood of confusion between PictureCode’s NOISE NINJA mark and Melendez’s DIGITAL NINJA mark, due to the similarity of the marks and because “the computer programs provided by the applicant and the registrant provide identical functions.”

11. Defendant Melendez filed the intent-to-use application that eventually matured into the DIGITAL NINJA Registration on July 26, 2006, under Section 1(b) of the Lanham Act, 15 U.S.C. § 1051(b) in international class 009 for the following goods: Children's educational music CDs and DVDs; Cinematographic film; Compact discs featuring Movies, Films, Commercials, Photos, Animation; Computer game discs; Computer game software; Computer programs for editing images, sound and video; Exposed camera film; Exposed cinematographic films; Game software; Interactive video game programs; Musical video recordings; Video discs featuring Movies, Films, Commercials, Photos, Animation; Video game software; Videotapes and video disks recorded with animation.

12. On June 19, 2007, Melendez filed with the PTO a Statement of Use in connection with this DIGITAL NINJA application, claiming use of the DIGITAL NINJA mark on or in connection with all goods listed in the application.

13. On October 23, 2007, based on the above described application, Melendez obtained U.S. Registration No. 3,321,797 on the principal register for DIGITAL NINJA in international class 009 for the goods listed in the application and set forth above.

14. Upon information and belief, although Melendez originally claimed use of his DIGITAL NINJA mark in commerce on all 14 types of goods included in his application as of May 1, 2007, and later contended use as of August 12, 2003 via an application for an amendment Melendez filed with the USPTO, Melendez has never used and is not using the DIGITAL NINJA mark Melendez has never used and is not using the mark in commerce on or in connection with some or all such goods, either directly or via his company, Digital Ninja. Indeed, upon information and belief, Melendez is using and in the past has used the mark exclusively as a service mark for behind-the-scenes production, directing, editing, animation and related services for motion pictures, music videos and commercials, and not to identify the goods listed in his DIGITAL NINJA application or any other type of goods sold in interstate commerce.

15. PictureCode has been and will continue to be damaged by the existence of Melendez's DIGITAL NINJA Registration because (a) PictureCode's Applications to register its PHOTO NINJA and NOISE NINJA trademarks have been refused due to Melendez's DIGITAL NINJA Registration, and (b) Melendez's DIGITAL NINJA mark is likely to cause confusion with PictureCode's senior NOISE NINJA mark. In addition, PictureCode has been and will continue to be damaged by Melendez's use of his DIGITAL NINJA trademark on or in connection with "computer programs used to edit images, sound and video" because such use is likely to cause confusion with PictureCode's senior NOISE NINJA trademark.

CLAIMS

I.

Cancellation of Registration Under The Lanham Act § 37, 15 U.S.C. § 1119

(Against Defendant Melendez)

16. PictureCode realleges and incorporates herein by reference paragraphs 1-15 above. Defendant Melendez's DIGITAL NINJA Registration should be cancelled based on the fact that it was obtained by fraud, was not used in commerce as required by the Lanham Act, has been abandoned, because likelihood of confusion existed between Melendez's use of the DIGITAL NINJA trademark and PictureCode's senior NOISE NINJA mark, and/or because Melendez fraudulently misused the ® symbol on the DIGITAL NINJA mark prior to obtaining a registration therefore.

First Basis for Cancellation – Fraud

17. Melendez's June 19, 2007, Statement of Use included a sworn declaration signed under penalty of perjury by Melendez, stating that Melendez was, as of such date, using his DIGITAL NINJA trademark in commerce "on or in connection with all goods . . . listed in the application or Notice of Allowance."

18. Upon information and belief, as of June 19, 2007, Melendez was not using, is not currently using, and has never used, the DIGITAL NINJA trademark in commerce on or in connection with some or all of the goods listed in his application to register the mark.

19. The specific facts in support of the foregoing paragraphs 17 and 18 are as follows:

A. In a July 13, 2009 conversation with Jim Christian, PictureCode's founder and owner, regarding the parties' respective rights, Melendez stated that he had

not been selling software under the DIGITAL NINJA mark. Melendez further offered that he “might” use the mark in connection with such a product in the future.

B. On August 10, 2009, PictureCode’s Attorney, Katherine Klammer Madianos, was contacted by attorney Bob Lauson on behalf of Melendez. Mr. Lauson said that Melendez was interested in entering into an agreement setting forth the parties’ respective rights, including the following general terms: (1) Melendez would amend his DIGITAL NINJA registration to delete the software goods; (2) PictureCode would agree to allow Melendez to file a new application to register DIGITAL NINJA for the services Melendez had in fact provided in connection with the mark; and (3) PictureCode would pay for a “couple of hours” of Melendez’s attorney’s time. Mr. Lauson indicated that he would prepare a written agreement and provide it to Ms. Madianos within a week. Ms. Madianos never received any such writing and became aware on August 20, 2009 that Mr. Lauson’s services had been terminated by Melendez.

C. On October 5, 2009, Ms. Madianos received an email from Thomas Chan, the second attorney retained by Melendez in connection with this matter, with the following text in the subject field: “Digital Ninja LLC - Photo Master Software.” Attached to this email was a copy of Melendez’s alleged “image editing software,” a “read me” file with installation instructions for the program, and a mock-up “purchase order” for the program, addressed to PictureCode and PictureCode’s attorney Katherine Klammer Madianos. These materials did not demonstrate use of the DIGITAL NINJA trademark on software; to the contrary, the software was identified in various locations as “PhotoMaster,” “Photo Master,” or “Image Utility.” In addition, the program appeared to

have been packaged together or modified the night before it was sent to PictureCode, and was not a finished, commercially ready software product.

D. In his December 21, 2009 deposition, Melendez testified that the PhotoMaster software product provided as set forth in paragraph 19 C above had been created and first sold in 2008, well after the June 19, 2007 filing date of the Statement of Use he submitted in connection with the DIGITAL NINJA trademark application. In addition, Melendez confirmed that fewer than 25 – and possibly fewer than 10 – copies of the PhotoMaster software have ever been sold, and that the only effort he made to promote this software was via a text message or email sent to friends.

E. The website for Melendez's company (www.digitalninja.us) does not make any mention of software, computer programs, or any other types of goods for sale under the DIGITAL NINJA name or otherwise. To the contrary, the website details the various *services* Melendez offers under his DIGITAL NINJA mark. Furthermore, Melendez confirmed in his December 21, 2009 deposition in a companion cancellation proceeding in front of the Trademark Trial and Appeals Board that his website has never mentioned software or other products, and he has never made software products available for download anywhere on the Internet.

F. PictureCode's founder and owner, Jim Christian, has conducted significant online research regarding Melendez's use of the DIGITAL NINJA mark, and has been unable to locate any third-party discussion, product review, advertising, offer for sale, opportunity to download or any mention whatsoever of a DIGITAL NINJA software product or use of the DIGITAL NINJA mark on or in connection with software, computer programs, or goods of any kind.

G. A professional third-party in-use investigation ordered by PictureCode failed to uncover any use at any time of DIGITAL NINJA in connection with software or computer programs of any kind. In his December 21, 2009 deposition in a companion cancellation proceeding in front of the Trademark Trial and Appeals Board, Melendez answered a series of questions aimed at determining which of the 14 goods listed in DIGITAL NINJA trademark registration were sold as of August 13, 2003. The following exchange occurred:

Q: What computer programs for editing images, sound, and video are on that product that is evidenced by the receipt you're talking about?

[Mr. Melendez:] I don't recall exactly as far as the contents of it, but the receipt is for everything for that day that I became incorporated.

Q. So the disk had exposed camera film on it?

A. Uh-huh.

Q. It had exposed cinemagraphic film?

A. Yes.

Q. It had game software on it?

A. Yes.

Q. It had interactive video game programs on it?

A. Yes.

Q. It had musical video recordings?

A. Uh-huh, yes. **Are we going through the whole list, is that the case here? Because I'll just say yes.**

Similarly, on information and belief, Melendez told the PTO examiner whatever he thought was necessary to push his DIGITAL NINJA trademark application through to registration. Melendez was clearly under the mistaken belief that as long as he succeeded in obtaining a trademark registration, the misrepresentations he made to the PTO along the way would not be subject to review and therefore did whatever was necessary to obtain a registration.

20. Upon information and belief, Melendez's claims of use in his Statement of Use were false at the time they were made in that, among other things, the only software for editing images, sound and video Melendez sold was not distributed until at least 2008 and was not sold commercially.

21. Melendez's misrepresentation in his Statement of Use of the goods on which he was using his DIGITAL NINJA mark was a material misstatement of fact.

22. Upon information and belief, Melendez knew when he executed the Statement of Use that Melendez was not at that time using the DIGITAL NINJA trademark in commerce on or in connection with all of the goods listed in his application, including but not limited to "computer programs for editing images, sound and video." Melendez is the sole owner and operator of his company Digital Ninja, LLC, and knew all its operations at all times. Melendez knew when he executed the Statement of Use that he was not selling computer programs for editing images, sound and video in commerce, either directly or through Digital Ninja, LLC.

23. Upon information and belief, said false statement was made knowingly and with the intent to deceive authorized agents of the PTO and induce them to grant the Registration.

24. Upon information and belief, reasonably relying upon the truth of Melendez's material false statements, the PTO did, in fact, grant the DIGITAL NINJA Registration to

Melendez. Upon information and belief, the PTO would not have granted Registration No. 3,321,797 absent Melendez's knowingly false statements.

25. As such, the Registration was obtained fraudulently and should be cancelled and declared void ab initio.

Second Basis for Cancellation – Non-Use

26. Upon information and belief, Melendez has never used his DIGITAL NINJA trademark in connection with some or all of the goods listed in his Registration.

27. Upon information and belief, Melendez's use of his DIGITAL NINJA mark has been solely in connection with behind-the-scenes production, directing, editing, animation and related *services* for motion pictures, music videos and commercials.

28. As such, the Registration was improperly granted and should be cancelled and declared void ab initio.

Third Basis for Cancellation – Abandonment

29. As stated above, upon information and belief, Melendez has never used the DIGITAL NINJA trademark on or in connection with "computer programs for editing images, sound and video." However, even if Melendez did at some point use the DIGITAL NINJA trademark on such goods, upon information and belief, Melendez is not currently using his DIGITAL NINJA trademark in commerce on or in connection with such goods, has made no such use for a period of several years, and has no bona fide intent to use his DIGITAL NINJA mark on or in connection with such goods in the future.

30. On information and belief, Melendez's DIGITAL NINJA mark has, due to his lack of use in connection with "computer programs for editing images, sound and video," lost all capacity as a source indicator for such goods.

31. As such, Melendez has abandoned his DIGITAL NINJA trademark with respect to "computer programs for editing images, sound and video."

Fourth Basis for Cancellation – Likelihood of Confusion

32. As stated above, upon information and belief, Melendez has never used the DIGITAL NINJA trademark on or in connection with "computer programs for editing images, sound and video." However, if Melendez has used or is using his DIGITAL NINJA trademark on such goods, such use is likely to cause confusion with PictureCode's senior NOISE NINJA trademark.

33. PictureCode, since at least November 5, 2003, has been, and is now, using its inherently distinctive NOISE NINJA trademark in interstate commerce in connection with the sale of computer programs used to enhance, edit and process digital photographs and images. Said use has been valid and continuous since said date of first use and has not been abandoned. PictureCode's NOISE NINJA mark is symbolic of extensive good will and consumer recognition built up by PictureCode through substantial amounts of time and effort in advertising and promotion.

34. The Noise Ninja product is well known and widely used among professional and serious amateur photographers, with total sales in the millions of dollars. The software is downloaded from the PictureCode website more than 30,000 times per month. It has been prominently reviewed on photography websites that reach millions of unique readers. On one

popular photography website, Noise Ninja has been mentioned in more than 25,000 discussion messages. The product has used extensively by top newspaper photographers at major events like the Super Bowl and the Olympics, and the technology has been licensed for use in medical scanners and cameras.

35. On information and belief, Melendez made no use of his DIGITAL NINJA mark on or in connection with “computer programs for editing images, sound and video” in commerce prior to PictureCode’s first use in commerce of its NOISE NINJA mark. In fact, Melendez’s claimed first use of his DIGITAL NINJA mark anywhere, as initially set forth in his Statement of Use, was December 1, 2006, more than three years after PictureCode’s first use in commerce of its NOISE NINJA trademark. Moreover, Melendez amended his DIGITAL NINJA trademark registration to claim a use date of August 12, 2003 *after and only upon* learning of PictureCode’s prior use and potential claim, and in an obvious attempt to claim priority. However, the three invoices to family and friends that Melendez produced to support his newly-claimed date of first use do not rise to the level of commerce required by the Lanham Act, and Melendez can produce no evidence of bona fide arms-length sales.

36. In view of the similarity of PictureCode’s NOISE NINJA mark with Melendez’s DIGITAL NINJA mark, the overlapping and related nature of the goods in connection with which such marks are registered and/or used, and the fact that PictureCode’s use of its NOISE NINJA mark in interstate commerce was prior to any use by Melendez of his DIGITAL NINJA mark on computer programs for editing images, sound and video, Melendez’s DIGITAL NINJA mark is likely to cause confusion, or to cause mistake or to deceive consumers with respect to the following goods included in Melendez’s Registration: Computer programs for editing images, sound and video.

37. This likelihood of confusion and the resulting damage to PictureCode will continue until Melendez's DIGITAL NINJA Registration is cancelled with respect to "computer programs for editing images, sound and video."

Fifth Basis for Cancellation – Fraudulent Misuse of ® Symbol

38. On June 19, 2007, Melendez provided to the PTO copy of a DVD cover and a photocopy of a "content card" as specimens of use along with his Statement of Use, each of which displayed the DIGITAL NINJA mark followed by the ® symbol, several months before his registration issued for that mark (on October 3, 2007).

39. Several invoices dated as early as August 12, 2003 and produced by Melendez in a companion cancellation proceeding in front of the Trademark Trial and Appeals Board show use of the DIGITAL NINJA word mark along with the ® symbol.

40. Such improper use of the registration notice in connection with the unregistered DIGITAL NINJA mark was done with intent to deceive the purchasing public and others in the trade into believing that the mark is registered and as such renders the registration void ab initio.

II.

Trademark Infringement Under The Lanham Act § 43(a), 15 U.S.C § 1125(a)

(Against All Defendants)

41. PictureCode realleges and incorporates herein by reference paragraphs 1-15 above. PictureCode pleads this claim in the alternative, based on claims by Defendants of sales of products bearing the DIGITAL NINJA trademark.

42. In the alternative, and on information and belief, Digital Ninja has sold software and other products in commerce under the DIGITAL NINJA trademark. Defendants claim that these sales have been significant enough, consistent enough, and extensive enough to, at the least, support his trademark registration of the DIGITAL NINJA trademark.

43. PictureCode's NOISE NINJA trademark is distinctive and has acquired secondary meaning among consumers. Purchasers and prospective purchasers associate PictureCode's NOISE NINJA trademark only with PictureCode's products. This is a result of the trademark's inherent distinctiveness and of sales throughout the United States of PictureCode's products in association with the NOISE NINJA mark.

44. By committing the acts alleged herein, Defendants have intentionally, knowingly, and willfully infringed PictureCode's NOISE NINJA trademark.

45. Because of Defendants' infringement, PictureCode has been irreparably harmed in its business. Moreover, PictureCode will continue to suffer irreparable harm unless Defendants are restrained from infringing PictureCode's NOISE NINJA trademark.

III.

Trademark Infringement Under Texas Common Law

(Against All Defendants)

46. PictureCode realleges and incorporates herein by reference paragraphs 1-15 and 42-45 above. PictureCode pleads this claim in the alternative, based on claims by Defendants of sales of products bearing the DIGITAL NINJA trademark.

47. By committing the acts alleged herein, Defendants have intentionally, knowingly, and willfully infringed PictureCode's NOISE NINJA trademark under Texas law.

48. Because of Defendants' infringement, PictureCode has been irreparably harmed in its business. Moreover, PictureCode will continue to suffer irreparable harm unless Defendants are restrained from infringing PictureCode's NOISE NINJA trademark.

IV.

Unfair Competition under Texas Common Law

(Against All Defendants)

49. PictureCode realleges and incorporates herein by reference paragraphs 1-15 and 42-45 above. PictureCode pleads this claim in the alternative, based on claims by Defendants of sales of products bearing the DIGITAL NINJA trademark.

50. By committing the acts alleged herein, Defendants have intentionally, knowingly, and willfully engaged in unfair competition under Texas law.

51. Because of Defendants' infringement, PictureCode has been irreparably harmed in its business. Moreover, PictureCode will continue to suffer irreparable harm unless Defendants are restrained from infringing PictureCode's NOISE NINJA trademark.

JURY TRIAL

PictureCode hereby demands a jury trial.

PRAYER

WHEREFORE, PictureCode prays as follows:

- (1) that this Court issue an order to the United States Patent and Trademark Office requiring that Registration No. 3,321,797 be cancelled in its entirety because it was obtained by fraudulent representations to the

United States Patent and Trademark Office, because Melendez has not used the mark on or in connection with some or all of the goods listed in his Registration, and/or because Melendez fraudulently misused the registration notice on this mark before it was registered.

- (2) in the alternative, that this Court issue an order to the United States Patent and Trademark Office requiring that Registration No. 3,321,797 be cancelled in part, specifically with respect to “computer programs for editing images, sound and video” because: (a) the mark was never used by Melendez on or in connection with such goods, (b) if Melendez has ever made use of the DIGITAL NINJA mark on such goods, said mark has been subsequently abandoned by Melendez with respect thereto, and/or (c) any use by Melendez of his DIGITAL NINJA mark on such goods is likely to cause confusion with PictureCode’s senior NOISE NINJA trademark.
- (3) that Defendants, and all of their agents, servants, employees, and attorneys, and all other persons in active concert or participation with them who receive actual notice of the injunction, be temporarily, preliminarily, and permanently enjoined from:
 - a) importing, selling, offering for sale, advertising, copying, distributing, otherwise disposing of, or commercially using in commerce any software product bearing the DIGITAL NINJA mark;
 - b) infringing PictureCode’s trademarks;

- c) using PictureCode's trademarks in commerce in such a way as to dilute the quality of those marks;
 - d) making any false designations of origin, descriptions, or representations, including any signifying that PictureCode is the source of Defendants' products, that Defendants' products are in some manner affiliated with PictureCode, or that Defendants' products are the same as PictureCode's, or that Defendants' products are approved or licensed by PictureCode; and
 - e) otherwise deceptively or unfairly competing with PictureCode;
- (4) that PictureCode be awarded damages in an amount to be determined at trial;
 - (5) that PictureCode be awarded, in an amount to be determined at trial, under 15 U.S.C. Section 1117(a), the total profits received by Defendants from, and any damages, including lost profits, sustained by PictureCode as a result of Defendants' sales of all products infringing PictureCode's trademark;
 - (6) that PictureCode be awarded under 15 U.S.C. Section 1117(a) or Texas Law enhanced damages, up to three or more times the amount found as actual damages for Defendants' trademark infringement and false designations of origin, descriptions, and representations, in an amount to be determined at trial;

- (7) that PictureCode be awarded damages sustained as a result of Defendants' unfair competition and false advertising, in an amount to be determined at trial;
- (8) that PictureCode be awarded punitive damages for Defendants' oppressive, fraudulent, and malicious acts of unfair competition and false advertising;
- (9) that this Court find that this case is an exceptional case and that PictureCode be awarded its reasonable attorneys fees and costs of suit under 15 U.S.C. Section 1117(a); and
- (10) such further relief as may be just and proper including its costs associated with this action.

Respectfully submitted,



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Original Complaint

Certificate of Service

Pursuant to 37 C.R.F. § 2.119 (a), I hereby certify that a true and complete copy of the foregoing document has been delivered to Respondent at his e-mail address pursuant to an agreement to accept electronic service documents.

/Kenneth G. Parker/

Kenneth G. Parker, Esq.
Attorney for PictureCode, LLC